

SENATE COMMITTEE ON BUSINESS & CONSUMER AFFAIRS

April 21, 1999 Hearing Room C

1:00 PM Tapes 92 -93

MEMBERS PRESENT: Sen. David Nelson, Chair

Sen. Lee Beyer, Vice-Chair

Sen. Rick Metsger

Sen. Randy Miller

Sen. Charles Starr

MEMBER EXCUSED:

STAFF PRESENT: Y. Sherry Sheng, Administrator

Nancy Masee, Administrative Support

MEASURE/ISSUES HEARD:

SB 850 Public Hearing

SB 851 Public Hearing

SB 284 Public Hearing

SB 957 Public Hearing

SB 446 Public Hearing and Work Session

SB 1282 Work Session

SB 770 Work Session

HB 2793 Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 92, A		

003	Chair Nelson	Opens meeting at 1:00 PM. Opens public hearing on SB 850, SB 851, and SB 284.
<u>SB 850, SB 851, and SB 284 PUBLIC HEARING</u>		
005	James Krueger	Manager, Consumer Finance Program, Department of Consumer and Business Services (DCBS). Describes the program which included 14,593 title loans for \$5,535,000 (from 4/1/98 through 3/31/99). The division wants to legislate a new license category and incorporate some restrictions in the law now mandated by department policy. New administrative rules have also been implemented. Says a work group will be formed to discuss this issue. Presents (EXHIBIT A) .
081	Chair Nelson	Closes public hearing on SB 850, SB 851, and SB 284. Opens public hearing on SB 957.
<u>SB 957 PUBLIC HEARING</u>		
100	Howard Misnor	Grange Cooperative, Central Point. Supports SB 957. Cardlock operators are restricted in who can use a cardlock. Using 2,400 gallons of fuel and being a business are requirements. Oregon's economy is made up of small businesses. The way the law is now written, small businesses cannot benefit from a cardlock. The bill eliminates the gallonage requirement attached to cardlock and eliminates the \$5 fee to the Fire Marshal's office.
120	Chair Nelson	Asks for questions. Says Sen. Hannon will testify later. Closes public hearing on SB 957. Reopens public hearing on SB 850, SB 851, and SB 284.
<u>SB 850, SB 851, and SB 284 PUBLIC HEARING</u>		
190	Sen. Frank Shields	Senate District 9, discusses title loan issues and supports the bills. The car title loan industry goes after the elderly and low income people. Says more work needs to be done on the bills. Asks for a work group to create a bill to regulate this industry.
207	Chair Nelson	Says a work group will be formed. Closes public hearing. Reopens public hearing on SB 957.
<u>SB 957 PUBLIC HEARING</u>		
224	Mike Sherlock	Oregon Gasoline Dealers Association (OGDA). Says the issue is really self service of fuel. Opposes SB 957. Passage of this bill would create inequity between unstaffed, nonretail facilities and retail facilities. Small rural dealers would be greatly affected. Presents (EXHIBIT B) .
389	Carol Washburn	Compliance Service Manager, State Fire Marshal's office. SB 957 will increase the number of users at the cardlock operations. Explains that business users and employees would be able to use the cardlock operations. The amount of audit

		and paperwork for the State Fire Marshal's office would be greatly increased. If this bill passes, the State Fire Marshal would need additional help and recommends keeping the \$5 fee. Presents (EXHIBIT C) .
413	Rob Douglas	Representing Truax-Harris Energy fueling facilities. Opposes SB 957. Says there was not a statutory definition for cardlock operations.
TAPE 93, A		
005	Douglas	Explains the standard of a 2,400 gallon cardlock purchase has been upheld by the Supreme Court.
014	Sen. Beyer	Asks how many FTEs would be needed.
023	Washburn	Responds with reasons why additional FTE would be needed.
028	Sen. Miller	Asks what the cardlock gets for the \$5 charge.
031	Washburn	Explains the audit for each customer and verification of requirements.
038	Sen. Miller	Asks about compliance figures.
040	Washburn	Explains 39 percent are in compliance at the time of audit. If there are violations, time is given for the operation to comply.
053	Sen. Miller	Says he wants to thank the Fire Marshal for taking these safety precautions so that Oregonians are safe from filling their own tanks. However, points out that 48 other states deem their citizens competent to self-serve gasoline.
062	John McCauley	Agriculture Cooperative Council. The council thinks the 1991 compromise was a mistake. Supports SB 957.
077	Chair Nelson	Asks for questions. Closes public hearing on SB 957. Opens public hearing SB 446.
<u>SB 446 PUBLIC HEARING</u>		
083	Sen. Miller	Explains that SB 446 removes the policy statement prohibiting consumers from pumping their own gasoline. Expresses his feeling that Oregon is as capable as the other 48 states who allow the activity of dispensing their own gasoline. Says the 1991 legislative prohibition on self-service of gasoline was ill conceived. Discusses the Fire Marshal's issues raised in safety. Comments that the increase in exposure to crime and unsafe circumstances are remote.

168	Phyllis Rand	Governor's Commission for Senior Services. Says the Oregon Court of Appeals rejected the case asking for repeal of a ban on one pumping their own gas in Oregon. Says the voters have turned down self service gas.
218	Jim Davis	Represents senior citizen groups and disabled person groups. Opposes SB 446. Points out safety risks for elderly and disabled persons plus the increased cost for those who need assistance in pumping.
238	Chair Nelson	Asks for questions.
241	Sen. Miller	Invites those who oppose the bill to read the bill. Says the bill does not end the ban on self service. Disagrees that keeping this ban decreases the maintenance by attendants.
273	Chair Nelson	Closes public hearing on SB 446. Opens work session on SB 446.
<u>SB 446 WORK SESSION</u>		
274	Sen. Miller	MOTION: Moves SB 446 to the floor with a DO PASS recommendation.
		VOTE: 3-2 AYE: 3 - Miller, Starr, Nelson NAY: 2 - Beyer, Metsger
275	Chair Nelson	The motion CARRIES.
276	Chair Nelson	Closes work session on SB 446. Opens work session SB 1282.
<u>SB 1282 WORK SESSION</u>		
221	Sherry Sheng	Committee Administrator. States that by concurrence of the committee chairs, SB 1282 has been requested to be referred to the Transportation Committee.
222	Sen. Miller	MOTION: Moves SB 1282 to the floor WITHOUT RECOMMENDATION as to passage and BE REFERRED to the committee on TRANSPORTATION.
		VOTE: 5-0

224	Chair Nelson	Hearing no objection, declares the motion CARRIED.
225	Chair Nelson	Closes work session on SB 1282. Opens work session on SB 770.
<u>SB 770 WORK SESSION</u>		
226	Sheng	Explains that the chairs of the committees have concurred in requesting that SB 770 be referred to the Public Affairs Committee without recommendation as to passage.
222	Sen. Miller	MOTION: Moves SB 770 to the floor WITHOUT RECOMMENDATION as to passage and BE REFERRED to the committee on PUBLIC AFFAIRS.
		VOTE: 5-0
228	Chair Nelson	Hearing no objection, declares the motion CARRIED.
229	Chair Nelson	Closes work session on SB 770. Opens public hearing on HB 2793.
<u>HB 2793 PUBLIC HEARING</u>		
230	Mike McCallum	Oregon Restaurant Association. Explains that HB 2793 establishes tip wage in Oregon. Says this is a concept adopted by the federal government and is in place in 43 other states. Proposes current employees receive a \$6.50 tip wage, the current minimum wage. After the year 2000, a tip wage of \$5.50 would be established. Tip income and wages combined that were at least \$10 per hour would be reported by an employee. Presents (EXHIBIT D) .
TAPE 92, B		
005	Mike McCallum	Explains the reason for tip wage income is that with the raised minimum wage there has been displacement of other workers. The increase in wage takes away jobs for youth. Oregon's minimum wage is the highest in the nation.
045	Marilee Voserava	Internal Revenue Service (IRS). Tip Coordinator. Explains the tip laws. Employees keep records of tips and report 100 percent to employers. Explains the education outreach program which employers agree to establish for their employees. Presents (EXHIBIT E) .

106	Sen. Beyer	Asks what percentage was tipped out.
108	Sen. Starr	Asks if there is an average tip wage.
109	Voserava	Says that information is not collected.
120	McCallum	Says an indirectly tipped employee might be a bartender or a bus person. Tipout is irrelevant to this bill.
134	Voserava	Explains the nationwide agreements with restaurants to meet tax requirements. The track program is optional and received.
157	Jim Terborg	University of Oregon, Professor of Management. Involved in the restaurant owners survey in Oregon. Explains how the survey was conducted on 1,000 restaurants. Presents (EXHIBIT F) .
175	Sen. Beyer	Asks if these restaurants include bars and fast food places.
182	Terborg	Answers the restaurants are described in the report; some were bars and fast food restaurants. High minimum wages result in higher menu prices, shorter employee hours, and fewer employees.
246	Sen. Beyer	Asks, if the smaller family-owned restaurants are pushed out, if there will be more chain restaurants.
258	Terborg	Answers that the survey did not reveal that result.
283	McCallum	Explains the profit margin in the restaurant industry is about 3.5 percent.
284	Terborg	Discusses the charts on pages 4 and 5, prior to 1997, show employment growth in restaurants was one of the fastest growing areas in the state (per percentage of population). Since 1997 employment growth has slowed down in restaurant areas. More restaurant failures are reported, and fewer startup restaurants in Oregon are a purported result of the increased minimum wage.
338	Sen. Beyer	Asks if federal tax credit was used.
343	McCallum	The federal tax credit applies to the amount of taxes paid to the federal government on tip income. It is under-utilized. There are no state tax credits available.
352	Sen. Beyer	Says there used to be a 50 percent tax credit for youth.

354	McCallum	Says he is not aware of tax credits for youth.
359	Sen. Miller	Asks if he is familiar with the Gordon Laffer and Stephen Johnson analysis of Terborg's report.
380	Terborg	Says they made general criticisms of the survey, but ignored some aspects of the survey. States Johnson did not respond to his correspondence.
424	Sen. Susan Castillo	Senate District 20. Opposes attempts to alter the minimum wage. Says the voters want the increase in minimum wage. Opposes HB 2793.
TAPE 93, B		
005	Rep. Diane Rosenbaum	House District 14. Opposes HB 2793. Says this bill singles out farm workers, young people, and women. Suggests setting up a two-tiered system, related to age and experience. There were 770,000 votes in favor of the minimum wage raise. Asks for all persons to be heard.
078	Rep. Dan Gardner	House District 13. Opposes HB 2793. Disagrees that this bill will increase hours of wait staff.
103	Joy Marshal	Community Organizer, Lane County, Labor Education Research Center. Opposes HB 2793. Says the Terborg survey is flawed, due to the extremely low response rate.
205	Ellen Lowe	Represents the Ecumenical Ministries. Opposes HB 2793. Refers to a letter from Bud Clark, Goose Hollow Inn, Portland. Discusses food banks and how the working poor use them. Explains, historically, it was found a minimum wage was needed and there was no tiered system implemented in 1989. Raising the minimum was the right thing. Says the voters asked for this raise in minimum wage and HB 2793 would be denying the promise for economic and social justice for the working poor. Presents (EXHIBIT G) .
300	Chair Nelson	Asks for any questions.
305	Sandra Henson	Waldport, Restaurant Worker. Explains the need to keep the minimum wage and not go to tip income credit.
371	Tiffanie Bowers	Community College Association. Student at Western Oregon State College. Has been a waitress since she was 15 and she is working her way through college with her wages. Explains that there are many students working their way through college by waiting tables. Presents (EXHIBIT H) .
386	Ramon Ramirez	Pineros y Campesinos Unidos Del Noroeste (PICUN) (Oregon Farmworker Union). Opposes HB 2793. Says this is a farm workers' bill. It is an attack on farm workers. Average income of farm workers is \$7,500 a year. Presents (EXHIBIT I) .

TAPE 94, A		
005	Ramirez	Continues explaining the effects that this bill will have on farm workers. Discusses legal status affected by wages earned by immigrants
026	Sen. Metsger	Asks, if the farm workers were removed, if this bill would be all right.
030	Ramirez	Says no, because many Latinos are in low income jobs, such as the restaurant industry.
040	Aaron Broderick	Wild Duck Brewery, Eugene. Supports HB 2793 because kitchen workers need to have a share of the increase in wages.
059	Shawn Gevsky	Chef. Wild Duck Brewery, Eugene. Servers have received minimum wage increases while the kitchen workers have no tip benefit. Supports HB 2793.
102	Robert Whiffen	Chinook Winds Casino. Supports HB 2793. Explains how labor costs have gone up. Says the casino's restaurant profit is 2 percent and Oregon Coast restaurants close because of high costs. Presents (EXHIBIT J) .
129	Heidi Schwartz	Outback Steak House, Beaverton. Says the kitchen staff wages need to be equal to the wait staff. Supports HB 2793.
152	Staff	Submits (EXHIBIT K) .
153	Chair Nelson	Adjourns meeting at 3:10 PM.

Submitted By, Reviewed By,

Nancy Masee, Y. Sherry Sheng,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 284, Written testimony, James Krueger, 9 pp

B ñ SB 957, Written testimony, Mike Sherlock, 1 p

C ñ SB 957, Letter, Carol Washburn, 2 pp

D ñ HB 2793, Written testimony, Mike McCallum, 18 pp

E ñ HB 2793, Written testimony, M. Voserova, 2 pp

F ñ HB 2793, Written testimony, James Terborg, Ph.D., 5 pp

G ñ HB 2793, Written testimony, Ellen Lowe, 2 pp

H ñ HB 2793, Written testimony, Tiffanie Bowers, 1 p

I - HB 2793, Written testimony, Ramon Ramirez, 5 pp

J ñ HB 2793, Written testimony, Robert Whiffen, 45 pp

K ñ HB 2793, Written testimony, Staff, 64 pp